

WHEREAS, the parties believe that it is in their best interests to enter into this Stipulation to reduce costs of litigation and promote a fair, just, and equitable resolution of this action;

IT IS THEREFORE STIPULATED AND AGREED by and between the Commissioner and the Defendants as follows:

1. The Defendants voluntarily consent to the entry of an Order of Permanent Injunction and Judgment (“Order”) in the form attached hereto as Exhibit A and incorporated herein by reference.

2. In the event that the Defendants file for bankruptcy protection, and pursuant to 11 U.S.C. § 523(1), the Defendants stipulate that the following circumstances exist:

- A. The obligations incurred as a result of this Stipulation are for the violation of Colorado state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i);
- B. This Stipulation and the resulting Order of Permanent Injunction and Other Relief constitute a judgment, order, consent order, or decree entered in a state proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered into by the Defendants pursuant to 11 U.S.C. § 523(a)(19)(B)(ii), and a court order for damages, fine, penalty, citation, restitution payment, disgorgement payment, attorney fee, cost or other payment owed by the Defendants pursuant to 11 U.S.C. § 523(a)(19)(B)(iii).

The Defendants understand and acknowledge that by agreeing to these terms, they are stipulating to the underlying facts that a bankruptcy court must examine to determine whether the within judgment is non-dischargeable pursuant to 11 U.S.C. § 523(a)(19).

3. By entering into this Stipulation, and solely for the purpose of this proceeding and any other related civil proceedings brought in Colorado by the

Commissioner, the Defendants admit that the investments issued by Leland are securities as contemplated by the Colorado Securities Act, § 11-51-201(17), C.R.S. The Defendants neither admit nor deny that any of the remaining allegations, grounds or claims of liability against them contained in the Complaint are true, except to the extent necessary to establish non-dischargeability in any future bankruptcy proceeding, as described in paragraph 2 herein. The Defendants also admit that this Court properly has jurisdiction over them and the subject matter of this action.

4. By consenting to the entry of the Order, the Defendants agree not to take any action or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding or Conclusion in the Order or creating the impression that the Order is without factual basis. The Defendants shall take all necessary steps to ensure that all of their agents and employees understand and comply with this agreement.

5. The parties agree that Defendants Thompson and Leland will make full restitution to all investors as to the investments that are the subject of this action, as follows:

a. Defendants Thompson and Leland agree, jointly and severally, to payment of restitution in the amount of \$700,000 or other amount calculated under the terms of paragraph 5(b) below to the Commissioner for distribution to investors within seven (7) years from the date the Court enters the Order of Permanent Injunction.

b. Defendants Thompson and Leland shall pay the Commissioner \$50,000.00 on April 15, 2014 and another \$50,000.00 no later than June 15, 2014 as restitution to investors in Leland offerings. Then, continuing for six years, on the 15th day of June, Defendants Thompson and Leland shall make additional payments of \$100,000.00 to the Commissioner as restitution ("Annual Payment"). The total amount to be paid to the Commissioner as restitution for the Leland offerings shall be \$700,000.00 and unless default occurs and is not timely cured, the amount paid shall be without interest. However, notwithstanding any language to the contrary, Defendants Thompson and Leland shall be entitled to a credit (i.e., reduction) equal to all monies paid by Thompson or Leland, or successors, after January 1, 2014

to the investors whose investments are the subject of this action. In order to be entitled to this credit, Defendants shall provide the Commissioner with an identification and supporting documentation to the reasonable satisfaction of the Commissioner as to such payments. Absent a reasonable objection by the Commissioner, commencing as to the June 15, 2015 payment and continuing as to successive Annual Payments, the Annual Payment amount shall be reduced from the base amount of \$100,000 by the amount of such payments, if any.

c. If the Defendants fail to make a timely payment as required in this Paragraph 5, the Colorado Division of Securities shall promptly notify the Defendants in writing by overnight mail of the failure and provide them ten calendar (10) days after the date of notification or such other mutually agreed upon extension, whichever is greater, in which to cure the deficiency. Notification to the Defendants shall be made at: 261 S. Robertson Blvd., Suite #200, Beverly Hills, California 90211. It is the Defendants' responsibility to promptly notify the Colorado Division of Securities of any address change.

d. In the event the Defendants Thompson and Leland fail to cure the payment deficiency within ten (10) calendar days after the date notification of default is sent or by a mutually agreed upon extension date, whichever is greater, the Defendants Thompson and Leland expressly consents to the entry of an Order of Judgment in favor the Commissioner and against Defendants Thompson and Leland, jointly and severally, in the amount of \$793,476.74 less any payments made by Defendants to the Commissioner on or after January 1, 2014 to investors whose investments are the subject of this action. Interest on the order of judgment shall accrue at the statutory rate of 8% from the date of judgment until paid in full. Pursuant to 11 U.S.C. § 523(a)(19), the Order of Judgment is non-dischargeable in bankruptcy. The Order of Judgment must be paid in full before a satisfaction of judgment is filed.

7. Defendants Thompson, Finateri, and Leland hereby waive further service of the Permanent Injunction and the Order attached hereto as Exhibit A, to the extent that any service is required pursuant to C.R.C.P. 65, and agree that

issuance of the Order of Permanent Injunction and Other Relief by the Court shall constitute notice of its terms.

8. The Defendants acknowledge that they have had the opportunity to discuss this Stipulation and accompanying Order with an attorney of their choice prior to executing this Stipulation, and that they have voluntarily executed this Stipulation and understood the legal consequences of this Stipulation and accompanying Order, and that no promise, threat, or inducement of any kind, except as stated herein, has been made to induce them to enter into this Stipulation.

Date

Stephen M. Thompson

Subscribed to and sworn to before me by Stephen Thompson in _____
County, State of _____, this ____ day of _____, 2014.

NOTARY PUBLIC

My Commission expires:

3/27/14
Date

Joseph E. Finateri
Joseph E. Finateri

Subscribed to and sworn to before me by Joseph Finateri in CLARK
County, State of NEVADA, this 27 day of MARCH, 2014.

Stuart F. Berman
NOTARY PUBLIC
My Commission expires: 9/9/2016



LELAND ENERGY, INC.

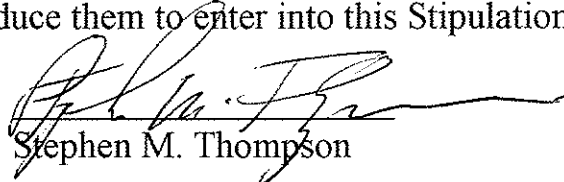
Date

Leland Energy, Inc.
By Stephen M. Thompson, President

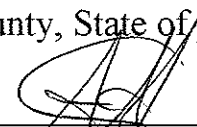
issuance of the Order of Permanent Injunction and Other Relief by the Court shall constitute notice of its terms.

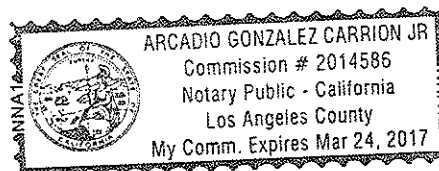
8. The Defendants acknowledge that they have had the opportunity to discuss this Stipulation and accompanying Order with an attorney of their choice prior to executing this Stipulation, and that they have voluntarily executed this Stipulation and understood the legal consequences of this Stipulation and accompanying Order, and that no promise, threat, or inducement of any kind, except as stated herein, has been made to induce them to enter into this Stipulation.

3-27-2014
Date


Stephen M. Thompson

Subscribed to and sworn to before me by Stephen Thompson in Los Angeles County, State of California, this 27 day of March, 2014.


NOTARY PUBLIC
My Commission expires:



3-27-2014
Date

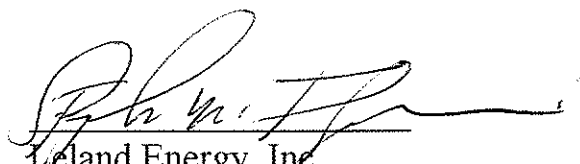
Joseph E. Finateri

Subscribed to and sworn to before me by Joseph Finateri in _____ County, State of _____, this ____ day of _____, 2014.

NOTARY PUBLIC
My Commission expires:

LELAND ENERGY, INC.

Date


Leland Energy, Inc.
By Stephen M. Thompson, President

Subscribed to and sworn to before me by Stephen M. Thompson in Los Angeles
County, State of California, this 27 day of March, 2014.

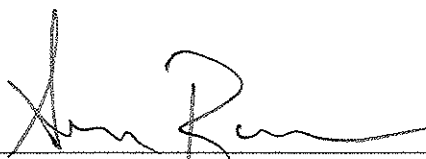
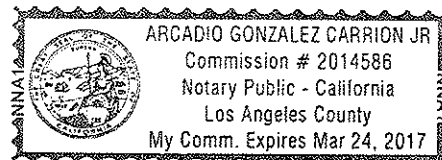


NOTARY PUBLIC

My Commission expires:

4/3/14

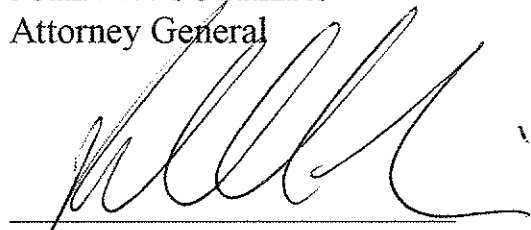
Date



Gerald Rome,
Acting Securities Commissioner

Approved as to form:

JOHN W. SUTHERS
Attorney General



Russell B. Klein, No. 31965*
First Assistant Attorney General
Financial and Health Services Unit
Business & Licensing Section

1300 Broadway, 8th Floor
Denver, Colorado 80203

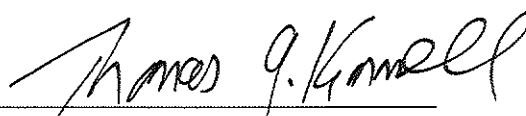
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Counsel for Plaintiff

ZARLENGO & KIMMELL, PC



Thomas J. Kimmell, No. 9043

700 N. Colorado Blvd, #598
Denver, Colorado 80203

Counsel for Defendants

DISTRICT COURT, CITY AND COUNTY OF DENVER, COLORADO 1437 Bannock Street Denver, CO 80202 GERALD ROME, Acting Securities Commissioner for the State of Colorado, Plaintiff, v. STEPHEN M. THOMPSON, JOSEPH E. FINATERI, and LELAND ENERGY, INC. Defendants.	<p style="text-align: center;">▲ COURT USE ONLY ▲</p>
	Case No.
<p style="text-align: center;">ORDER OF PERMANENT INJUNCTION AND OTHER RELIEF</p>	

THIS MATTER is before the Court on the Stipulation for Order of Permanent Injunction and Other Relief (the "Stipulation") filed by the Plaintiff, Gerald Rome, Acting Securities Commissioner for the State of Colorado (the "Commissioner"), and Defendants Stephen M. Thompson ("Thompson"), Joseph E. Finateri ("Finateri"), and Leland Energy, Inc. ("Leland") (collectively, Thompson, Finateri, and Leland are referred to as the "Defendants").

By entering into this Stipulation, and solely for the purpose of all proceedings as brought in Colorado by the Commissioner, the Defendants admit that the investments issued by Leland are securities under the Colorado Securities Act (the "Act"), § 11-51-201(17), C.R.S. The Defendants have neither admitted nor denied that the remaining allegations, grounds, or claims of liability against



them contained in the Complaint for Injunctive and Other Relief (the "Complaint") are true, except as described in the Stipulation. Based on the Stipulation, and being duly advised in the premises, the Court hereby finds that the Stipulation provides for a fair, just, and expeditious resolution of the claims asserted by the Commissioner against the Defendants.

THEREFORE, IT IS HEREBY ORDERED as follows:

1. The Court has jurisdiction over the Defendants and the subject matter of this action. The Court so finds that based upon the admissions in the Stipulation, the investments issued by Leland are "securities" pursuant to section 11-51-201(17), C.R.S. solely for the purpose of this proceeding.

2. Thompson, Finateri, and Leland, their agents, servants, employees, and successors, as may be; any person who, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under the common control with the Defendants; and all those in active concert or participation with any of the Defendants, who receive actual notice of this Order by personal service or otherwise, are hereby immediately and permanently restrained and enjoined from engaging, directly or indirectly, in any of the following acts:

1) Offering to sell or selling any securities or investments in the State of Colorado, unless such securities or investments are registered pursuant to sections 11-51-301, 302, 303, or 304, C.R.S., or successor statutes, or exempt from registration pursuant to sections 11-51-307, 308, or 309, C.R.S., or successor statutes; or

2) Engaging in business in the State of Colorado as a securities broker-dealer, sales representative, investment adviser, or investment adviser representative, as may be, in violation of sections 11-51-401 and 402, C.R.S., or successor statutes; or

3) In connection with the offer, sale, or purchase of any security in the State of Colorado, directly or indirectly:

i) employing any device, scheme, or artifice to defraud; or

ii) making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; or

iii) engaging in any act, practice, or course of business which operates or would operate as a fraud and deceit upon any person;

in violation of section 11-51-501(1), C.R.S., or successor statute.

4) Engaging in conduct otherwise in violation of the Colorado Securities Act.

3. The Defendants shall comply with the provisions of the Stipulation attached hereto, and such Stipulation shall be incorporated into and made a part of this Order as if fully stated herein.

4. The Court shall retain jurisdiction over this action to ensure the Defendants' compliance with this Order and the Stipulation, and reserves the power to enter additional orders to effectuate and to ensure the Defendants' compliance with this Order and Stipulation.

5. In the event that Defendants Thompson and Leland fail to make payments in the full amount to the Commissioner on, or before, the dates agreed upon in compliance with the terms specified in the Stipulation, the Commissioner shall provide a notice of default to Defendants Thompson and Leland allowing them ten (10) days or other mutually agreed upon extension, whichever is greater, to cure the default. Failure to cure the default within this period shall be sufficient grounds for the Court to enter judgment, jointly and severally against Defendants Thompson and Leland – for \$793,476.74, less payments previously made, with interest to accrue at the statutory rate from the date of the entry of this judgment.

6. The Defendants' failure to comply with this Order or the Stipulation may constitute grounds for further sanctions against them, including the sanction of contempt.

DONE this ____ day of _____, 2014.

BY THE COURT:

Denver District Court Judge